

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES AND ENERGY
DIVISION OF OIL, GAS AND MINING
4241 State Office Building
Salt Lake City, Utah 84114
Telephone: (801) 533-5771

NOTICE OF INTENTION TO COMMENCE MINING OPERATIONS
and
MINING AND RECLAMATION PLAN

Based on Provisions of the Mined Land Reclamation Act, Title 40-8, Utah Code Annotated 1953, General Rules and Regulations and Rules of Practice and Procedures, By Order of the Board of Oil, Gas and Mining.

Mine Name: _____ Mine Plan Date: _____
File No.: ACT/_____/____ Date Received: _____
Operator: Uintah County DOGM Lead Reviewer: _____
Mineral(s) to be Mined: Tar Sands

Please attach other sheets as needed and include cross-reference page numbers when used.

1. Name of Applicant or Company: Uintah County
Corporation (X) Partnership () Individual ()
2. Address: Permanent: Uintah County Building
Vernal, Utah 84078
Temporary: _____

3. Company Representative: Name: Neal H. Domgaard
Title: County Commissioner
Address: Same as above Phone: 789-1622
4. Location of Operation: County(ies) UINTAH
Township(s): 14 S. Range(s): 23 E. Section(s): SE 1/4 32
Township(s): _____ Range(s): _____ Section(s): _____
Township(s): _____ Range(s): _____ Section(s): _____
5. Owner(s) of record of the surface area within the land to be affected:
Name: State of Utah Address: _____
Name: _____ Address: _____
Name: _____ Address: _____
Name: _____ Address: _____

6. Owner(s) of record of the minerals to be mined:

Name:	<u>State of Utah</u>	Address:	<u></u>
Name:	<u>Celsius Energy Co. (primary lease</u>	Address:	<u>P. O. Box 11070 Salt Lake City, Ut, 84147</u>
Name:	<u>holder)</u>	Address:	<u></u>
Name:	<u></u>	Address:	<u></u>

7. Owner(s) of record of all other minerals, including oil and gas, within any part of the land to be affected:

Name:	<u>State of Utah</u>	Address:	<u></u>
Name:	<u></u>	Address:	<u></u>
Name:	<u></u>	Address:	<u></u>

8. Have the above owners been notified in writing? ☒ Yes, () No. If no, why not?

9. Have you or any other person, partnership or corporation associated with you received an approval of a Notice of Intention to Commence Mining Operations by the State of Utah for operations other than described herein? () Yes, ☒ No. If yes, list all approval numbers now under surety:

10. Source of Operator's legal right to enter and conduct operations on the land to be covered by this Notice:

Uintah County is a political subdivision of the State of Utah.

11. Give the names and mailing addresses of every principal Executive, Office, Partner (or person performing a similar function) of Applicant:

Name	Title	Address
A. <u>Byron G. Merrell</u>	<u>County Commissioner</u>	<u>County Building, Vernal, Ut. 84078</u>
B. <u>Leo Snow</u>	<u>County Commissioner</u>	<u>County Building, Vernal, Ut. 84078</u>
C. <u>Neal H. Domgaard</u>	<u>County Commissioner</u>	<u>County Building, Vernal, Ut. 84078</u>
D. <u></u>	<u></u>	<u></u>

12. Has the Applicant, any subsidiary or affiliate or any person, partnership, association, trust or corporation controlled by or under common control with the Applicant, or any person required to be identified by Item 11 ever had an approval of a Notice of Intention to Mine or Explore withdrawn or has surety relating thereto ever been forfeited? () Yes, (X) No.

If yes, please explain: _____

Please note: Section 40-8-13 of the Act provides that information relating to the location, size or nature of the deposit, and marked confidential by the Operator, shall be protected as confidential information by the Board and the Division and not be a matter of public record in the absence of a written release from the Operator, or until the mining operation has been terminated as provided in Subsection (2) of Section 40-8-21 of the Act. This material should be so marked and included on separate cross-referenced sheets.

13. All maps and plans prepared for submission shall be of adequate scale and detail to show topographic features and clearly indicate the following details: *See attached map and site plan*

- A. Location and delineation of the extent of the land previously affected, as well as the proposed surface disturbance. *approx. 40 ac. + $\frac{1}{8}$ mile of road*
- B. Existing active or inactive, underground or surface mined areas. *NONE*
- C. Boundaries of surface properties, including ownership. *(map)*
- D. Names and locations of:
- (1) Lakes, rivers, streams, creeks and springs. *(map)*
 - (2) Roads, highways and buildings. *(map)*
 - (3) Active or abandoned facilities. *NONE*
 - (4) Transmission lines within 500 feet of the exterior limits of land affected. *NONE*
 - (5) Gas and/or oil pipelines. *(map) - Mtn Fuel*
 - (6) Site elevation. *(map)*
- E. Drainage patterns of land affected:
- (1) Overburden or topsoil removal and storage areas. *{ map; topsoil, if any, will be stockpiled for reclamation, other material will be used for road fill.*
 - (2) Areas susceptible to erosion. *limited to pit*
 - (3) Natural waterways. *map; spring runoff only*
 - (4) Constructed drainages, diversions, berms and sediment ponds - *map* (design calculations shall be included).
 - (5) Receiving waters (State Health classification). *NONE*
 - (6) Directional flow of all surface waters (indicated by arrows). *(map)*
- F. Known drill holes:
- (1) Location. *PRS-3 by U.G.M.S. see attached core hole report*
 - (2) Status.

(3) Depths and thicknesses of:*

- a. Water bearing strata. NONE
- b. Mineral deposits. approx. 60' in 3 strata; see core hole report
- c. Toxic or potentially toxic materials. NONE
- d. Surficial or plant supporting material (topsoil and subsoil). Pinions, cedars, sagebrush, mountain brouse soil is generally Shale/Limestone

G. Locations of disposal and stockpile areas:

- (1) Topsoil and subsoil storage areas. map, will be adjacent to disturbed area
- (2) Overburden storage area. will be used for road fill
- (3) Waste, tailings, rejected materials. NONE
- (4) Raw ore stockpile(s). Stored within tar sands pit
- (5) Tailings-ponds and other sediment control structures. (map)
- (6) Discharge points, water effluents (see #15[D]). NONE

All maps should have a color code or other suitable legend used in preparation to clearly indicate surface features of the land affected. A general reference map completed on a 7.5 (1:24,000) USGS quadrangle sheet is recommended with additional large scale maps included for practical delineation of individual facilities, (e.g., 1:200, 1:500).

14. Acreage to be disturbed:

- A. Minesite (operating, storage, disposal areas, etc.): Initially 40 ac. (potentially 80 acres)
- B. Access/haul roads/conveyors: Improve existing road for approx. 1/8 miles
- C. Associated on-site processing facilities: Rock crusher within pit/no additional land will be disturbed.

15. Describe mining method to be employed, including:

A. Mining sequence:

- (1) Map delineating the yearly sequential disturbance (if surface mine) and/or surficial disturbance.
- (2) Narrative (including on-site processing or mineral treatment):
Overburden will be removed with a bulldozer and most of it used for road fill. Some of the fill material will be crushed in a rock crusher. Tar sands will be ripped, pulverized, and mixed by a bulldozer. Tar sands will be loaded on county trucks with front-end loader and hauled away to be used for road surfacing.

Attach supplemental sheets and/or diagrams as necessary with cross reference to page number here: _____.

*Stratigraphic or lithologic logs if correlated to footage depths may be presented when labeled (maps or logs should be labeled confidential, if so desired).

B. If sedimentary deposit seam(s):

(1) Thickness(es): 0 to 60' of fill material; 0 to 60' of tar sands

(2) Dip: 1°

(3) Outcrop: Most of the useable tar sand is covered by overburden.

C. Will any underground workings or aquifers be encountered? () Yes, (x) No. If yes, describe potential impacts and protection measures to be taken: _____

D. Describe any active discharge or proposed discharge of water from mine or site area. Include water quality data and lab test reports. If attached sheets or reports are included, cross reference to page number here: None.

N/A

16. Have all necessary water rights been appropriated? () Yes, (X) No. How will water be obtained? Please explain: No water is expected to be used in the process.

17. Proposed or estimated duration of mining operation: _____
Will the permit term be for a lesser amount of time, subject to review? (e.g., for surety estimate reasons). () Yes, (X) No. If yes, how long? _____

18. Describe the construction and maintenance of access roads including:

A. Procedures (drainage and erosion control methods).

B. Cross section(s).

C. Profile(s) of proposed road grade(s).

1) Upgrade existing dirt road (in poor condition) for approx. 1/8 to 1/10 mile to better accommodate county trucks and equipment.

2) Road slopes downhill 1-2% to north connecting pit & Seep Ridge road. Road could be surfaced with tar sands if conditions require.

Attach supplemental diagrams and cross reference to page number here: _____.

19. Prior land use(s): Grazing

Current land use(s): Grazing and also in Seep Ridge gas unit (presently).

Possible projected or prospective future land use(s): Grazing

20. Describe methods of tree and brush removal: Removed with bulldozer, piled,
and burned.

Provide estimate of, (and method of obtaining) existing vegetation cover (%):
Approx. 30% vegetation cover as estimated from onsite inspection.

What types of dominant vegetation are present? Pinion, cedar, sagebrush,
mountain brouse.

Photographs and/or maps may be attached to these forms, cross reference to
page number here: Will be supplied if requested.

21. Soils (surficial plant supportive material) and overburden: Except where
slope or rocky terrain make it impossible, all surficial materials
suitable as a growth medium shall be removed, segregated and stockpiled
according to its ability to support vegetation (as determined by soil
analysis and/or practical revegetation experience) prior to any major
excavation. (Suggested minimum requirements are the top six inches, or
the "A" horizon, whichever is larger.)

A. What is the pH range of the soil before mining? pH unknown/soils generally alka-
Name of person or agency and method of determining pH: Unknown line.

Attach lab report if available. Cross reference page number
here:

B. Average depth of topsoil and subsoil to be stripped and stockpiled:
Minimal amount of top- Calculated volume of soil to be stockpiled: Unknown
soil/all found will be stockpiled.

C. Describe the method for removing and stockpiling topsoil and subsoil,
including measures to protect topsoil from wind and water erosion,
compaction and pollutants: Removed, stockpiled & compacted with bulldozer.
If topsoil is found, the county will stockpile & protect it in consultation
with State Land Board and State Div. of Oil, Gas & Mining.

D. Describe the method for removing and stockpiling overburden.
Describe and discuss the acidity or alkalinity (pH) or other
characteristics which would affect revegetation: Overburden will be
used for road fill; soils are generally alkaline.

- E. Rock subjected to processing such as waste rock, tailings, etc., and which is to be disposed of on- or off-site must be subjected to a toxicity analysis. The method of determination, results and suitable disposal methods must be explained in detail, including means for containment and long range stability*:

1) Rocks found onsite are generally composed of shaley limestone, and other sandrock.

2) Waste rocks (if any) such as boulders will be covered upon mine abandonment and reclamation.

22. Describe the methods used to minimize public safety and welfare hazards during and after mining operations including:

- A. Shaft, tunnel and drill hole closure. None/no drill holes left open.
- B. Disposal of trash, scrap metal and wood and extraneous debris, waste oil and solvents, unusable buildings and foundations, sewage and other materials incident to mining.
- C. Posting of appropriate warning signs and/or fences or berms to act as barriers (e.g., above highwalls) in locations where public access is available.
- A. All sidewalls will be sloped.
- B. Uintah County will be responsible for removing all trash, scrap metal, wood, etc. There will be no foundations; temporary buildings such as restrooms will be removed upon mine reclamation.
- C. If necessary, the county will post warning signs. However, high vertical walls are not anticipated.

*"Toxic" means any chemical or biological or adverse characteristic of the material involved which could reasonably be expected to negatively affect ecological or hydrological systems or could be hazardous to the public safety and welfare.

23. Grading and soil redistribution.

- A. Attach pre- and postmining contour cross sections, typical of regrading designs. Cross reference to page number here: To be developed in con-
- B. Describe the method(s) of overburden replacement and stabilization sultation with and highwall elimination, including: (a) slope factors; (b) lift State Land Bd. heights; (c) compaction; (d) terracing, etc., (e) also include testing procedures:

1) Most overburden will be used as road fill, remaining overburden will be replaced in pit and revegetated.

2) No highwalls.

3) Revegetation will be done in consultation with State Land Board and Division of Oil, Gas & Mining.

- C. What method of spreading topsoil and subsoil or upper horizon material on the regraded area will be employed? Will be done in accordance with above reclamation plan to be developed in conjunction with State Land Board and Div. of Oil, Gas & Mining

1. Indicate the approximate depth of soil cover after final surfacing Unknown inches.

2. What tests will be performed to adequately evaluate the potential of the soil to successfully support intended revegetation? Unknown at present time.

3. What soil amendments or fertilizers will be needed as an aid to revegetation? To be determined as part of reclamation plan.

Type: _____ Rate: _____

Type: _____ Rate: _____

Type: _____ Rate: _____

4. What additional surface preparations will be used? Describe (a) drainage, erosion and sediment control measures; (b) maximum slope characteristics; and (c) highwall reclamation. Same as above.

- None projected.

- Minor access dirt road will likely be consumed as part of mining & reclamation process.

- Temporary sediment ponds will be drained, contoured and reseeded.

- B. Will the affected area be subject to livestock or wildlife grazing?
☒ Yes, ☐ No. Will vegetation protection be needed to allow for a determination of the successful revegetation criteria outlined in the Mined Land Reclamation Act, Rule M-10(12)? ☐ Yes, ☐ No. If yes, what measures will the operator take? Probably some temporary fencing may be required.

- C. Will irrigation be used? () Yes, (X) No. Type: _____
For how long? _____.

- D. Test plots initiated during the early stages of mine development provide good bases from which a successful revegetation program can be adapted for later implementation. Will test plots be employed?
() Yes, (X) No. If yes, describe on an additional sheet(s) and attach. Cross reference page number here and show location on facilities map: _____.
- E. Please attach a revegetation plan and schedule including:
1. Species to be used. Same as for #23, 25 (plan to be developed
 2. Rate of seed application/acre. later) in conjunction with State.
 3. Season to be planted.
 4. Seedbed preparation techniques.
 5. Planting location, slope face direction, variability, method of application, covering, etc.
 6. Mulch and fertilizer application, if used.
- F. Describe any other maintenance procedures which may be used, if needed, to guarantee successful revegetation:

Unknown at present.

26. Please provide a reclamation schedule including:

- A. Estimated time for construction. Continuous pit enlargement.
- B. Estimated time for interim reclamation. None
- C. Estimated duration of the mining operation. 10 to 20 years.
- D. A time table for the accomplishment of each major step in the reclamation plans. Attach the schedule and cross reference to the page number here: Same as 23, 25.

27. A surety guarantee must be provided for the mining operation (see Rule M-5 Mined Land Reclamation Act). In calculating this amount, the Division will consider the following major steps based on the information provided in this report: Uintah County respectfully requests that this requirement be waived, and guarantees that necessary reclamation will be completed.

- A. Clean up and removal of structures.
- B. Backfilling, grading and contouring.
- C. Topsoil and subsoil redistribution and stabilization.
- D. Revegetation (i.e., preparation, seeding, mulching, irrigation).
- E. Labor.
- F. Safety and fencing.
- G. Monitoring, and reseeding if necessary.

To assist the Division, the operator may attach a list of costs and factors which would satisfy these areas. Substantiation of these factors, i.e., unit costs and how they are derived, should accompany the list. Cross reference the page number here: _____.

28. A request for a variance from specific commitments to Rule M-10 (Reclamation Standards) of the Mined Land Reclamation Act may be submitted with adequate written justification. If after presentation of information adequately detailing the situation, a determination is made that finds a portion of the rule inapplicable, a variance may be granted by the Division. *No Variance is requested*

I hereby commit the applicant to comply with Rule M-10, "Reclamation Standards" in its entirety, as adopted by the Board of Oil, Gas and Mining on March 22, 1978.

The applicant will achieve the reclamation standards for the following categories as outlined in Rule M-10 on all areas of land affected by this mine, unless a variance is granted in writing by the Division. None requested.

<u>Rule</u>	<u>Category of Commitment</u>	<u>Variance Requested?</u>
M-10(1)	Land Use	_____
M-10(2)	Public Safety and Welfare	_____
M-10(3)	Impoundments	_____
M-10(4)	Slopes	_____
M-10(5)	Highwalls N/A	_____
M-10(6)	Toxic Materials N/A	_____
M-10(7)	Roads and Pads	_____
M-10(8)	Drainages	_____
M-10(9)	Structures and Equipment	_____
M-10(10)	Shafts and Portals	_____
M-10(11)	Sediment Control	_____
M-10(12)	Revegetation	_____
M-10(13)	Dams	_____
M-10(14)	Soils	_____

I believe a variance is justified on a site-specific basis for the previous subsections of Rule M-10 as indicated. A narrative statement explaining these concerns is attached.

STATE OF Utah
COUNTY OF Uintah

I, Neal H. Domgaard, having been duly sworn depose and attest that all of the representations contained in the foregoing application are true to the best of my knowledge; that I am authorized to complete and file this application on behalf of the Applicant and this application has been executed as required by law.

Signed: Neal H. Domgaard

Taken, subscribed and sworn to before me the undersigned authority in my said county, this 24 day of January, 1984.

Notary Public: Daniel J. White

My Commission Expires: 10/28/86

PLEASE NOTE:

Section 40-8-13(2) of the Mined Land Reclamation Act provides for maintenance of confidentiality concerning certain portions of this report. Please check to see that any information desired to be held confidential is so labeled and included on separate sheets or maps.

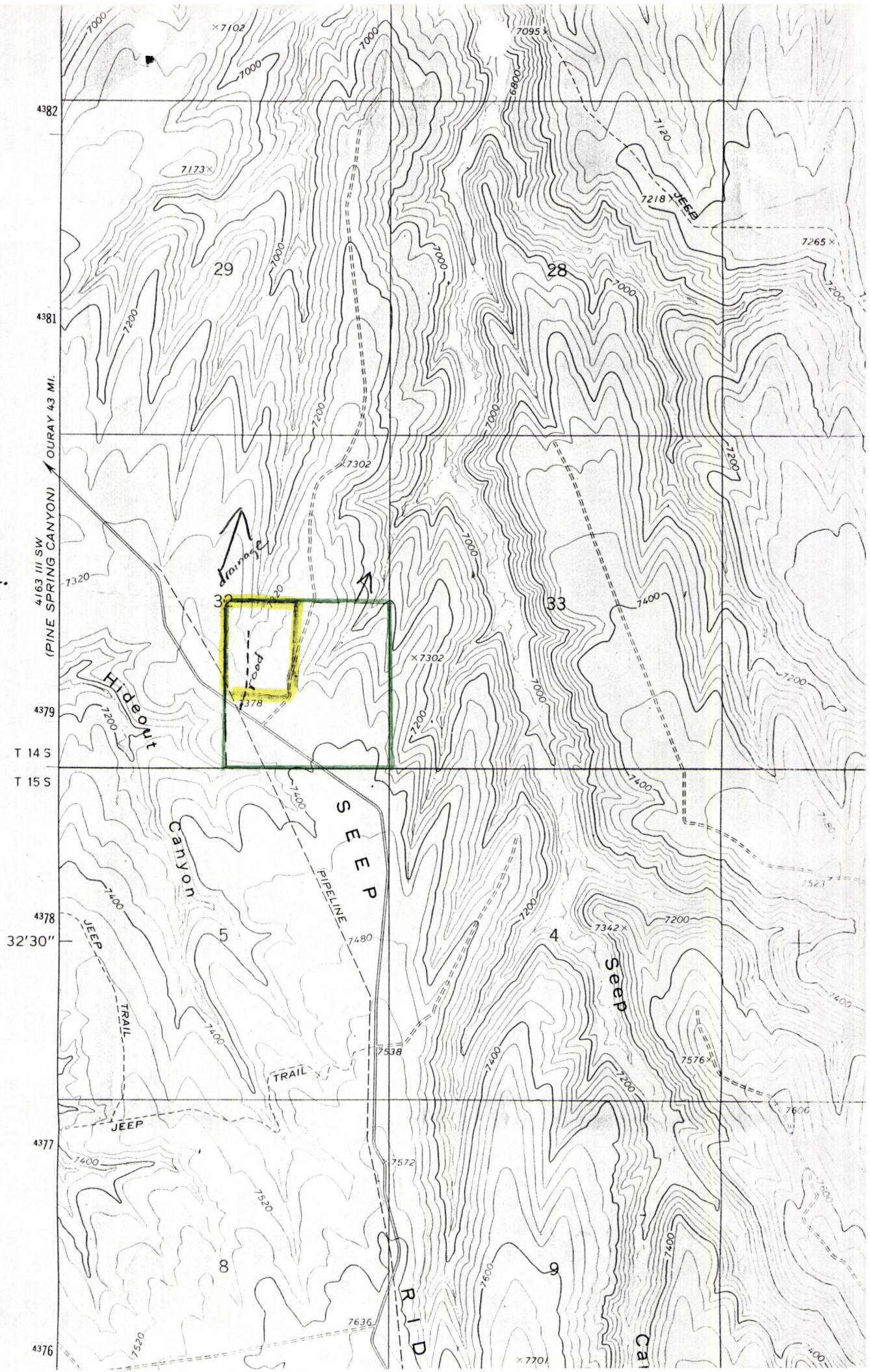
Only information relating to the location, size or nature of the deposit may be protected as confidential.

Confidential Information Enclosed: () Yes ☒ No


SEC 32
T.14 S. R.23 E.


Area to be
mined
initially


Seep Ridge Quad




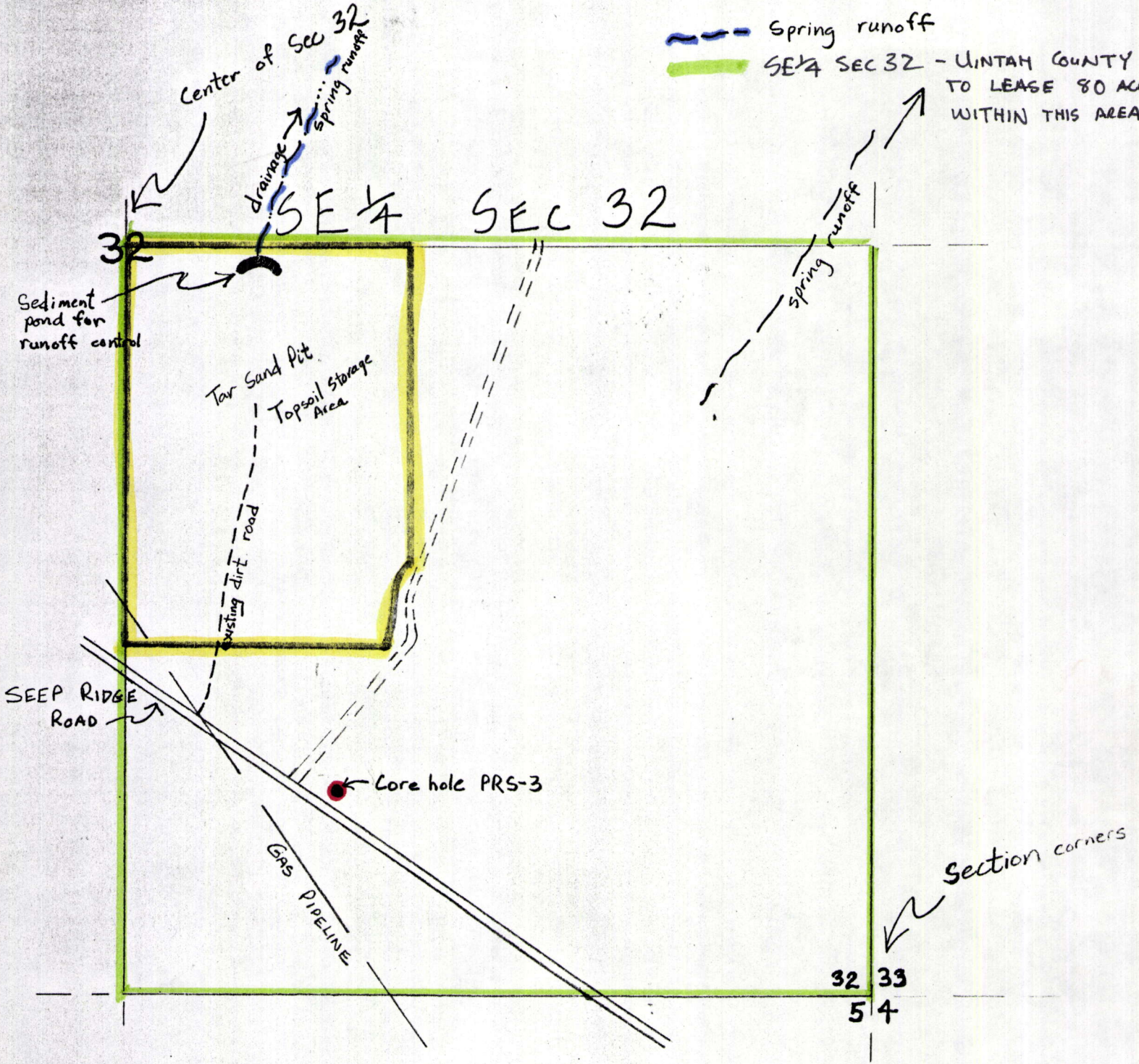
#13 Tar Sand Pit Site Plan

 Indicates proposed area to be mined initially

 UGMS drill hole PRS-3

 Spring runoff

 SE 1/4 SEC 32 - UTAH COUNTY TO LEASE 80 ACRES WITHIN THIS AREA



SE 1/4 SEC 32 T. 14 S. R. 23 E

SCALE 1" = 500'



TAR SANDS LICENSE AGREEMENT

THIS AGREEMENT is made and entered into effective the 1st day of February, 1984, by and between CELSIUS ENERGY COMPANY, a Nevada corporation, with its principal place of business located at 79 South State Street, in Salt Lake City, Utah, 84111, hereinafter referred to as the "Licensor;" and Uintah County, a body politic and corporate, of the State of Utah, located at 147 East Main, Vernal, Utah, 84078, hereinafter referred to as the "Licensee." (Licensor and Licensee are collectively referred to as the "parties.")

THE PARTIES REPRESENT AS FOLLOWS:

1. Licensor is the lessee of record of State of Utah Oil, Gas and Hydrocarbon Lease ML-30576, dated June 10, 1974, with a primary term expiration date of June 30, 1984, hereinafter referred to as the "Lease" and covering the SE $\frac{1}{4}$ of Section 32, Township 14 South, Range 23 East, (hereinafter referred to as "Subject Lands"), and other lands. References herein to the term "Subject Lands" shall be limited to and shall refer to the eighty contiguous acre tract included within said SE $\frac{1}{4}$ of Section 32, as selected by Licensee, commencing on the selection postmark date as set forth in Section 2.04 below.
2. Licensee is desirous of entering upon Subject Lands for the purpose of extracting tar sands for Licensee's use on the terms and conditions set forth below.

THEREFORE, THE PARTIES AGREE AS FOLLOWS:

I. AGREEMENT DOCUMENTS

1.01. The complete agreement between the parties consists of this Agreement and the following documents attached hereto, which documents are by reference incorporated herein, and whenever the word "Agreement" is used hereafter, its meaning will include the following:

- (a) This Agreement.
- (b) An executed Certificate of Insurance (see Exhibit A).
- (c) Federal Contract Requirements (see Exhibit B).

1.02. In the event of any conflict between any of the documents set forth in 1.01 above, the provisions of the respective documents shall control in the following order (letters refer to the letters listing the contract documents as set forth in 1.01 above): (a), (b), (c).

II. GRANT OF LICENSE

2.01. Subject to all of the terms and conditions of this Agreement, Licensors hereby grants to Licensee the right to enter upon, occupy and use Subject Lands for the sole purpose of extracting all extractable tar sands for the Licensee's use, at Licensee's sole cost, risk and expense. The right herein granted to extract tar sands shall be exclusive to Licensee, provided, however, that the right herein granted to enter upon and occupy Subject Lands shall be nonexclusive.

2.02. The tar sands extracted pursuant to this License shall be used by Licensee exclusively for road material. Licensee may sell said extracted tar sands provided that sale(s) to any single individual person, firm, corporation or other entity during any given calendar year period does not cumulatively exceed three hundred tons, without prior written approval of Licensors.

2.03. In no event shall any tar sands extracted hereunder be used for the purpose of producing oil or other hydrocarbon substances therefrom without prior written approval of Licensors.

2.04. On or before June 30, 1985, should the Lease and this Agreement be in effect at that time, Licensee shall select any eighty contiguous acre tract, situated within the boundaries of Subject Lands, on which Licensee will conduct its tar sand removal operations hereunder. Licensee shall notify Licensors, in writing by certified mail, within five days after selection of said tract, said notice to include a surveyed legal description of the tract. Commencing from the postmark date of said notice, Licensee's rights and obligations under this Agreement and the License herein granted shall be limited to said described eighty-acre tract; however, Licensee shall not be relieved of any obligations, with respect to that portion of Subject Lands excluded from said eighty-acre tract, hereunder accrued as of said postmark date. Should access to said eighty-acre tract require Licensee to cross the excluded portion of Subject Lands, Licensee shall obtain written authorization therefore from Licensors, such authorization not to be unreasonably withheld.

III. TERM

3.01. This Agreement and Licensee's rights hereunder shall commence as of the effective date of this Agreement and shall continue, unless terminated earlier under Article IV hereof, until June 30, 1984. Provided that the Lease is extended beyond the primary term by actions of the Licensee as to the Subject Lands, this Agreement shall continue until June 30, 1994, a period of ten years commencing June 30, 1984, unless terminated earlier under Article IV hereof.

3.02. The Lease is committed to the Trapp Springs Unit. It is anticipated that said unit is due to contract in size on October 19, 1984, unless the BLM requires voluntary contraction prior to said date. It is further anticipated that should the Trapp Springs Unit contract on said date and if no part of this Lease is then entitled to be within a Trapp Springs Unit participating area, all lands within the Lease shall be eliminated from the unit agreement and the Lease will receive a two-year extension from the date of elimination from said agreement.

IV. EARLY TERMINATION

4.01. Upon giving twenty days written notice, either party may terminate this Agreement when conditions of force majeure, total loss or destruction of removal equipment, or a major breakdown with indefinite repair time necessitates stopping operations hereunder.

4.02. In case of Licensee's negligence, carelessness, incompetency, or misconduct in the tar sands removal operation, or on the failure of Licensee to fulfill any of its obligations hereunder, or on the failure or refusal by Licensee to pay any lawful claims of indebtedness incurred by Licensee in connection with the tar sands removal operation, or for other cause shown, Licensors shall give Licensee written notice in which Licensors shall specify in detail the cause of its dissatisfaction. Should Licensee fail or refuse to remedy the matters complained of to Licensors's satisfaction within five days after the written notice is received by Licensee, Licensors shall have the right, but not the duty, at its option to terminate this Agreement. Licensors shall have ten days following the expiration of Licensee's five-day remedy period within which to exercise and notify Licensee of its agreement termination option. Should Licensors elect to terminate this Agreement as provided herein, this Agreement shall be deemed terminated as of 7:00 a.m. of the day Licensors exercises such election. Such notice shall set forth the day Licensors so elected to terminate this Agreement.

4.03. Notwithstanding any other provision herein, this Agreement and Licensee's rights hereunder shall terminate simultaneously with the termination of the Lease, regardless of the time or the manner in which such termination might occur.

4.04. Should this Agreement be terminated under either Section 4.01, 4.02, 4.03 or Section 6.06 herein, Licensee, at Licensee's sole cost, risk and expense, shall restore Subject Lands in accordance with Article VI hereof.

V. LESSOR'S ROYALTY INTEREST AND COMPANY'S OVERRIDING ROYALTY INTEREST; ANNUAL RENTAL PAYMENTS

5.01. Licensee shall pay in cash to Licensors an overriding royalty of 5% of 8/8ths of the value of the tar sands removed from Subject Lands, or \$1,000 per year, whichever is greater. In the event this Agreement is in effect for a portion of any calendar year, said \$1,000 shall be proportionately reduced to correspond with said time period.

5.02. Subject to Paragraph 5.01 above, said overriding royalty shall be calculated on the same basis, price and conditions as the State of Utah's basic lessor's royalty under the Lease.

5.03. Licensee shall be solely responsible for timely and proper payment of Lessor's royalty to the State of Utah and timely and proper payment of Licensors's overriding royalty. Licensee shall furnish Licensors immediately, upon payment of Lessor's royalty to the State of Utah, evidence of such payment which shall include the time period and basis upon which said payment is made. Similar evidence relating to Licensors's overriding royalty shall be delivered to Licensors and accompany all payments to Licensors of Licensors's overriding royalty.

5.04. Licensee shall reimburse Licensor within fifteen days from receipt of invoice from Licensor for the share of annual rental pertaining to Subject Lands as calculated and paid by Licensor under the Lease.

VI. TAR SANDS REMOVAL - METHODS, PRACTICES AND LIABILITY

6.01. Licensee agrees and warrants that all tar sands removal operations to be conducted by Licensee hereunder shall be in full compliance with the provisions of the Lease and in accordance with all valid and applicable federal, state, Indian or local laws, rules, orders, regulations and requirements which are now or may in the future be in effect. In addition, Licensee shall comply, as applicable, with Federal contract requirements, including but not limited to those attached hereto as Exhibit B.

6.02. Licensee further agrees and warrants that said tar sands removal operations shall be performed with due diligence and care and in a good and workmanlike manner, and in accordance with mining industry practice in the area in which the operations occur.

6.03. Unless otherwise expressly provided for herein, Licensee shall comply fully with each and every duty, provision, obligation, covenant and condition, both express and implied, of the Lease, or extensions thereof. Licensee agrees to accept the rights provided for in this Agreement subject to all the terms, provisions and conditions hereof and subject to all of the terms, provisions, conditions and covenants of said Lease and of intermediate assignments thereof.

6.04. Licensee shall be liable for all damages, claims, liens, costs, expenses, violations of any governmental rule, order, regulation or any state statute or law, caused in whole or in part by its operations, including but not limited to damages to the surface of the land or to any crops, timber or grass thereon, or for pollution of or damage to any wells or waterways and for pollution of any type which originates above or below the surface of the land, or for injuries to or death of any animal or for damage to or destruction of any other personal property. This provision shall not be construed to create any third party beneficiary rights.

6.05. Licensee shall fill in pits which may be dug in connection with any operations hereunder and restore surface of the lands on which such operations are conducted as nearly as possible to its original condition, all at Licensee's sole cost, risk and expense and in accordance with Sections 6.01 and 6.02 above.

6.06. Licensee shall, where sufficient quantities of extractable tar sands exist, produce such quantities of tar sands sufficient to hold the Lease valid and in effect for each Lease year such production is required to so hold the Lease. Should Licensee determine that it is unable to so produce such sufficient quantities of tar sands, then Licensee shall so notify Licensor within five days from such determination but in no event less than 90 days prior to an expiration date under the Lease. Upon receipt of said notice by Licensor, this Agreement and Licensee's rights hereunder shall terminate and Licensor

shall have all Lease rights with respect to Subject Lands, including the right to produce tar sands from Subject Lands in quantities sufficient to hold the Lease.

VII. INDEMNITY

7.01. Licensee agrees to protect, defend, indemnify and hold Licensors and Licensors's affiliated corporations and each of their officers, employees, other working interest owners, and Licensors's other agents and/or contractors, harmless from and against all claims, liens, demands, costs, expenses, damages and causes of action of every kind and character, arising out of, incident to, or in connection with this Agreement or breach of the terms hereof, where the liability therefore is based upon any act or omission, whether negligent or not, of Licensee, Licensee's subcontractor or assignee or their agents or employees, and including without limitation by enumeration, all taxes, claims, debts, fines, penalties, forfeitures, death, injury and damages to all persons and property, together with the amount of judgments, penalties, interest, court costs, legal and other fees and expenses in connection therewith.

7.02. It is agreed that with respect to any statutory and/or common law limitations now or hereafter in effect and affecting the validity or enforceability of this indemnification provision, such limitations are made a part of this indemnification provision and shall operate to amend this indemnification provision to the minimum extent necessary to bring this provision into conformity with the requirements of such limitations, and so modified, this provision shall continue in full force and effect. Nothing shall limit Licensors's rights to challenge any statutory and/or common law limitations affecting the validity or enforceability of this indemnification provision.

VIII. INSURANCE

8.01. During the life of this Agreement, Licensee shall at Licensee's expense maintain, and shall require all subcontractors, assignees, or anyone directly or indirectly employed by the Licensee or subcontractor or assignee or by anyone for whose acts any of them may be liable, to maintain with an insurance company or companies authorized to do business in the state where the work is to be performed insurance coverages of the kind and in the amounts set forth in Exhibit A. Licensee agrees and warrants that said Exhibit A - Certificate of Insurance - shall be signed by Licensee's insurance agent, authorized to bind Licensee's insurance carrier. Said Exhibit A - Certificate of Insurance - shall not be altered or modified except for the insertion of policy numbers and expiration dates in the spaces provided therefor, or as otherwise provided for herein. Licensee agrees to file with Licensors a properly completed and executed Exhibit A - Certificate of Insurance - before the date any tar sands removal operations contemplated hereunder are commenced. Licensee hereby warrants and agrees that the insurance coverages provided for in this Article VIII shall be in full force and effect prior to the commencement of any of the operations contemplated hereunder. Licensee also agrees and warrants that should any of the policies described, and to be identified in said Exhibit A - Certificate of Insurance - expire or otherwise terminate during the term of this Agreement,

said policies will be replaced before the expiration date or termination by policies giving identical coverage, and that a new Exhibit A - Certificate of Insurance - in the same form and indicating the same coverage and liability limits as set forth on the attached Exhibit A - Certificate of Insurance - will be executed by the Licensee's authorized insurance agent and filed with the Licenser immediately upon replacement of said policy(ies), such filing being a condition precedent to the prosecution or continuation of any operations under this Agreement.

IX. ACCESS TO SUBJECT LANDS

9.01. Licenser's employees and authorized representatives shall have free and convenient access to any part of Subject Lands at all times. Such employees and representatives of Licenser shall be permitted to observe and inspect all operations thereon. In addition, the parties hereto shall have equal and concurrent rights of ingress and egress on Subject Lands for the purpose of exercising their respective rights with regards to Subject Lands. Each party's rights shall be exercised so as not to interfere unduly with the rights of the other party hereto.

X. COST OF OPERATIONS

10.01. Licensee shall bear all cost, risk and expense relating in anyway to the removal of tar sands hereunder.

XI. FORCE MAJEURE

11.01. If any party is rendered unable, wholly or in part, by force majeure to carry out its obligations under this Agreement, other than the obligation to make money payments, that party shall give to the other party prompt written notice of the force majeure with reasonably full particulars concerning it; thereupon, the obligations of the party giving the notice, so far as they are affected by the force majeure, shall be suspended during, but no longer than, the continuance of the force majeure. The affected party shall use all possible diligence to remove the force majeure as quickly as possible.

11.02. The term "force majeure" as here employed shall mean an act of God, strike, lockout, or other industrial disturbance, act of the public enemy, war, blockade, public riot, and any other cause, whether of the kind specifically enumerated above or otherwise, which is not reasonably within the control of the party claiming suspension.

XII. ASSIGNMENT

12.01. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their successors and shall be considered as covenants running with the Subject Lands; PROVIDED HOWEVER, this Agreement is specifically to the benefit of the Licensee alone and Licensee shall not assign any rights and benefits under this Agreement without the prior written consent of Licenser. Licensee's duties and obligations shall not be delegable hereunder and, notwith-

standing any assignment of Licensee's rights and benefits as approved by Licensor, Licensor shall look solely to Licensee, and Licensee shall be solely responsible, for performance of all such duties and obligations.

XIII. NOTICES

13.01. Notices, payments, reports and approvals required or authorized under this Agreement shall be deemed fully delivered or served, unless otherwise expressly provided herein, when deposited in the United States mail, postage prepaid, by first class, registered or certified mail, to Licensee or to Licensor at the addresses set forth below, or at such other address as either party shall designate in writing. Notice of force majeure may be made by telegraph or in writing.

Celsius Energy Company
Attention: J. L. Healey
P. O. Box 11070
Salt Lake City, UT 84147

Uintah County
Attention: Neal H. Domgaard
147 East Main
Vernal, UT 84078

XIV. MISCELLANEOUS

14.01. Neither Licensor nor Licensee shall be, nor be considered as being, the agent, servant, partner, or employee of the other party or be held responsible or liable for damages caused by the acts, omissions or conduct of the other.

14.02. No waiver by either party of any one or more defaults or breaches by the other in the performance of this Agreement shall operate or be construed as a waiver of any future defaults or breaches, whether of a like or different character. Any waiver hereunder shall be in writing and signed by both parties hereto.

14.03. This Agreement is subject to the Lease and to all present and future valid and applicable Federal, State, Indian or local laws, rules, orders, regulations and requirements, and is subject to each party receiving any necessary regulatory approval(s). Should either of the parties, by force of the Lease or any such law, rule, order, regulation or requirement, at any time during the term hereof, be ordered or required to do any act inconsistent with the provisions of this Agreement, the Agreement shall continue but shall be deemed modified to conform with the requirements of the Lease or such law, rule, order, regulation or requirement, for that period only during which the requirements of the Lease or such law, rule, order, regulation or requirement is applicable. Nothing herein shall prohibit either party from obtaining or seeking to obtain modification or repeal of a particular Lease provision or such law, rule, order, regulation or requirement or restrict either party's right to legally contest the validity or applicability of a particular Lease provision or such law, rule, order, regulation or requirement, and each party reserves the right to file with such regulatory bodies any material necessary to implement the terms of this Agreement as they existed prior to the modification.

14.04. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Utah.

14.05. The descriptive headings in this Agreement are used for convenience only and shall not be deemed to affect the meaning or construction of any provision of the Agreement.

14.06. Licensee shall provide Licensor with copies of all notices, reports, plans, approvals, or related materials submitted to the State of Utah or subdivisions thereof, or any governmental or regulatory agency, with respect to Licensee's operations hereunder.

14.07. Any termination of this Agreement or Licensee's rights hereunder shall not preclude or limit Licensee's performance of duties or obligations accrued hereunder as of the date of termination or preclude or limit any rights Licensor may have, in law or in equity, by virtue of Licensee's negligence or willful misconduct, or any breach by Licensee of any obligations under this Agreement.

14.08. Pursuant to Section 19 of the Lease, this Agreement requires approval by the Utah State Land Board as Lessor in order for said Agreement to become effective. Should said approval not be obtained, this Agreement, then and thereupon, shall immediately become null and void and have no further binding effect on the parties hereto.

IN WITNESS WHEREOF, this Agreement has been executed by both parties on the dates set forth below.

LICENSOR:

CELSIUS ENERGY COMPANY

ATTEST:

Assistant Secretary

By _____
R. M. Kirsch, President

LICENSEE:

UINTAH COUNTY, UTAH

ATTEST:

Robert L. Nicholas

By Byron S. Howell
Title _____

By Mr. H. B. Dargatzis
Title Commissioner

By Leo L. Lamm
Title Commissioner

By _____
Title _____

STATE OF UTAH)
COUNTY OF SALT LAKE) ss:

On the _____ day of _____, 19____, personally appeared before me R. M. KIRSCH, who, being by me duly sworn, did say that he is the PRESIDENT of CELSIUS ENERGY COMPANY, and that said instrument was signed in behalf of said corporation by authority of a resolution of its Board of Directors and said R. M. KIRSCH acknowledged to me that said corporation executed the same.

My Commission Expires: _____

Notary Public

Residing at _____

STATE OF UTAH)
COUNTY OF UINTAH) ss:

On the 24 day of January, 1984, personally appeared before me Neal H. Omggaard, Leo Snow, Byron Merrell of UINTAH COUNTY, UTAH, the signer(s) of the above instrument, who duly acknowledged to me that they executed the same.

My Commission Expires: _____

Daniel J. White
Notary Public

Residing at Turner, Utah

10/28/86

CORE HOLE REPORT

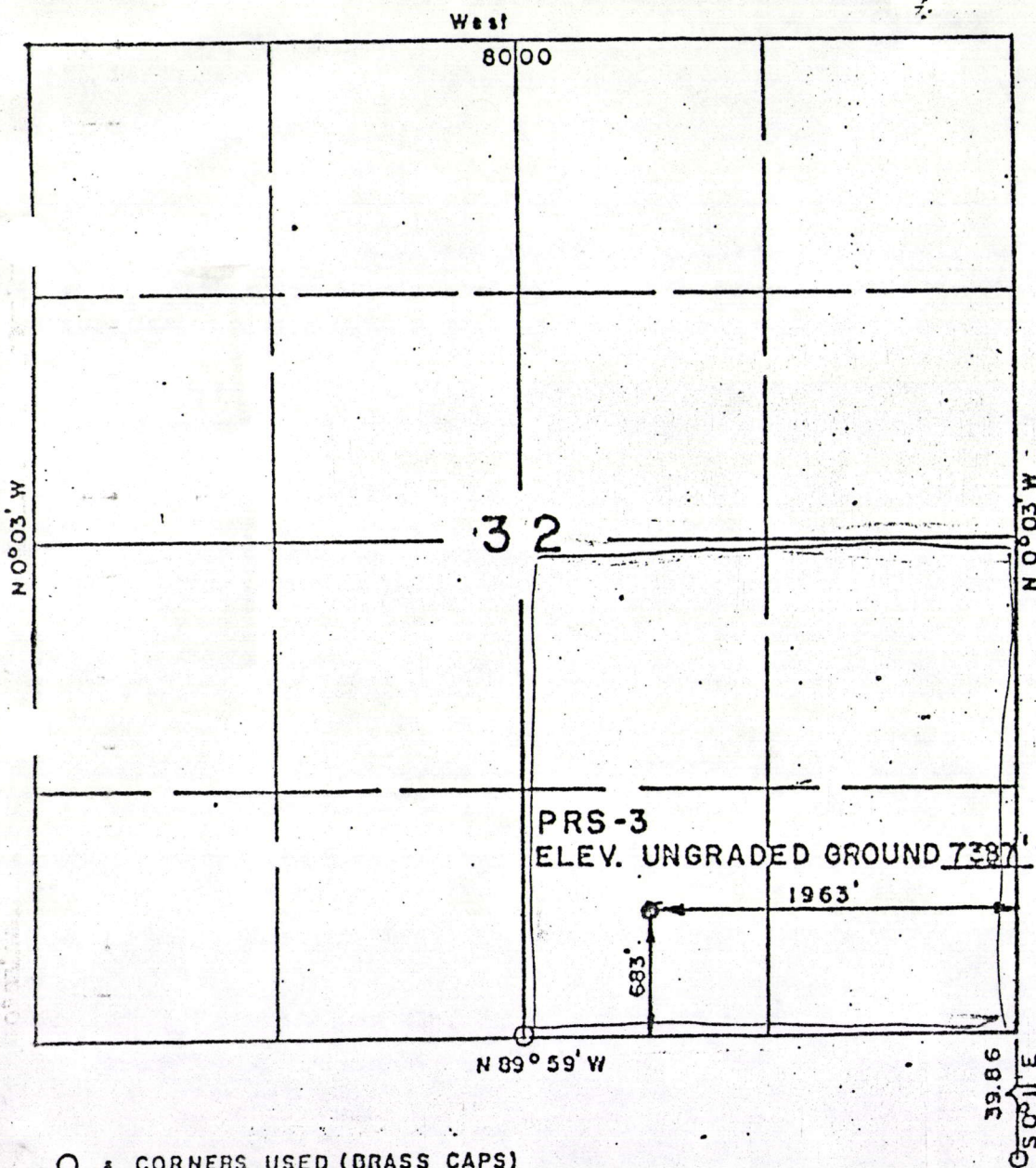
Best-

PROJECT

T14S, R23E, S.L.M.

UTAH GEOLOGICAL SURVEY

CORE HOLE LOCATION, PRS-3, LOCATED AS SHOWN IN THE SW 1/4 SE 1/4 SEC. 32, T14S, R23E, S.L.M., UINTAH COUNTY, UTAH



○ : CORNERS USED (BRASS CAPS)



CERTIFICATE

THIS IS TO CERTIFY THAT THE ABOVE PLAT WAS PREPARED FROM FIELD NOTES OF ACTUAL SURVEYS MADE BY ME OR UNDER MY SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

Lawrence C. Kay
REGISTERED LAND SURVEYOR

REGISTRATION NO 3137
STATE OF UTAH

UINTAH ENGINEERING & LAND SURVEYING
P.O. BOX Q - 110 EAST - FIRST SOUTH
VERNAL, UTAH - 84078

SCALE 1" = 1000'	DATE 3 JULY 1973
PARTY L.K. RK	REFERENCES G L O
WEATHER	FILE

COMPANY UTAH GEOLOGICAL SURVEY FILE NO. RP-4-2820
 WELL AS NOTED DATE 10-29-73 ENGRS. KB:RH
 FIELD _____ FORMATION TAR SAND ELEV. _____
 COUNTY _____ STATE UTAH DRG. FLD. _____ CORES DIA CONV 2 1/2"
 LOCATION _____ REMARKS _____

PAGE 35

DEPTH	PERMEABILITY		POROSITY PERCENT	PORE SATURATION		OIL		
	BEFORE	AFTER		OIL	WATER	GAL/TON	% VOLUME	% WEIGHT
PRS-2 208	1329	3179	30.9	16.8	54.1	5.8 5.6	5.2 5.1	2.3 2.3
209	1627	3378	35.2	19.0	31.9	7.7 7.5	6.7 6.5	3.0 3.1
210	1210	1408	26.2	14.5	19.4	4.1 4.0	3.8 3.7	1.6 1.7
211	1508	1508	32.8	16.4	24.0	6.2 6.1	5.4 5.3	2.4 2.5
213	330	344	32.3	9.0	29.0	3.4 3.3	2.9 2.8	1.3 1.4
214	5456	5456	36.1	31.3	36.0	12.5 12.2	11.3 11.0	4.9 5.1
215	2981	2981	33.7	11.6	55.2	4.3 4.2	3.9 3.8	1.7 1.7
216	1091	1091	22.9	27.4	40.1	7.2 7.0	6.3 6.1	2.8 2.9
252	674	1147	24.3	20.1	29.6	5.5 5.4	4.9 4.8	2.2 2.2
PRS-2 253	803	1041	25.2	12.7	23.4	3.4 3.3	3.2 3.1	1.3 1.4
PRS-3 22	664	952	31.7	10.1	46.4	3.6 3.6	3.2 3.2	1.4 1.5
PRS-3 23	714	1120	32.2	45.9	28.9	15.3 15.4	14.9 14.9	5.9 6.4

RELAB

UTAH GEOLOGICAL SURVEY
 COMPANY AS NOTED
 WELL AS NOTED
 FIELD AS NOTED
 COUNTY AS NOTED
 LOCATION AS NOTED
 DATE 10-29-73
 FORMATION TAR SAND
 STATE UTAH
 FILE NO. RP-1-2820
 ENCL. KB:RH
 ELEV. AS NOTED
 CORES DIA CONV 2 1/2"
 REMARKS

PAGE 36

DEPTH	PERMEABILITY		POROSITY PERCENT	PORE SATURATION		OIL		
	BEFORE	AFTER		OIL	WATER	GAL/TON	% VOLUME	% WEIGHT
PRS-3 24	14	87	31.9	21.3	41.4	7.7 7.7	6.8 6.8	2.9 3.2
25	229	509	31.9	22.3	28.8	8.1 8.2	7.1 7.1	3.1 3.4
26	1135	1750	26.4	13.6	43.9	4.1 4.1	3.6 3.6	1.6 1.7
27	40	850	29.7	32.3	38.1	10.5 10.6	9.6 9.6	4.0 4.4
28	307	1590	32.1	31.1	24.6	11.5 11.5	10.0 10.0	4.4 4.8
29	67	382	27.3	66.6	14.2	20.1 20.2	18.3 18.3	7.7 8.4
30	0.54	780	27.8	25.9	53.3	16.8 16.8	14.9 14.9	6.4 7.0
31	0.10	2485	24.0	59.6	17.9	15.8 15.9	14.3 14.4	6.1 6.6
32	0.01	3440	23.0	77.4	9.1	20.1 20.2	17.9 17.9	7.7 8.4
33	700	1520	29.4	30.2	27.5	11.0 11.1	8.8 8.9	4.2 4.6
34	880	2220	33.7	25.2	18.4	10.5 10.6	8.5 8.5	4.0 4.4
PRS-3 35	685	2020	29.7	34.4	4.0	12.5 12.5	10.0 10.2	4.8 5.2



COMPANY UTAH GEOLOGICAL SURVEY FILE NO. RP-4-2820
WELL AS NOTED DATE 10-29-73 ENGRS. KB:RH
FIELD TAR SAND ELEV. DIA CONV 2-11
COUNTY UTAH ORLG. FLD. CORES
LOCATION REMARKS

PAGE 37

DEPTH	PERMEABILITY		POROSITY PERCENT	PORE SATURATION		OIL		
	BEFORE	AFTER		OIL	WATER	GAL/TON	% VOLUME	% WEIGHT
PRS-3 36	290	2120	30.2	48.0	7.6	17.7 17.8	14.5 14.5	6.8 7.4
37	72	1350	29.7	64.7	6.7	23.0 23.1	19.2 19.2	8.8 9.6
38	29	2225	30.8	75.9	9.4	26.8 26.9	23.3 23.4	10.3 11.2
39	0.70	715	29.7	67.4	11.4	22.5 22.6	20.0 20.0	8.6 9.4
40	12	515	26.9	69.5	15.9	20.6 20.7	18.7 18.7	7.9 8.6
41	0.30	194	26.8	74.8	7.8	22.5 22.6	20.0 20.0	8.6 9.4
43	0.12	5.5	19.4	76.3	19.0	15.3 15.4	14.9 14.9	5.9 6.4
46	0.46	4.9	20.2	39.0	11.4	8.1 8.2	7.9 7.9	3.1 3.4
47	1.9	90	18.7	57.3	25.1	11.0 11.1	10.7 10.7	4.2 4.6
63	1.6	5.2	26.5	35.4	20.7	10.5 10.6	9.4 9.4	4.0 4.4
85	1675	1440	32.2	17.7	52.6	6.2 6.2	5.7 5.7	2.4 2.6
PRS-3 86	18	1185	30.6	45.4	4.6	16.3 16.3	13.9 13.9	6.3 6.8



UTAH GEOLOGICAL SURVEY
COMPANY AS NOTED
WELL AS NOTED
FIELD AS NOTED
COUNTY AS NOTED
LOCATION AS NOTED
DATE 10-29-73
FORMATION TAR SAND
STATE UTAH
DRILLING FLD.
FILE NO. RP-4-2820
ENGRS. KB:RH
ELEV.
CONES DIA CONV 2 1/2"
REMARKS

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DEPTH	PERMEABILITY		POROSITY PERCENT	PORE SATURATION		OIL		
	BEFORE	AFTER		OIL	WATER	GAL/TON	% VOLUME	% WEIGHT
PRS-3 87	8.7	371	33.4	39.6	16.7	15.8 15.9	13.2 13.2	6.1 6.6
88	3.4	104	29.0	51.3	14.8	16.8 16.8	14.9 14.9	6.5 7.0
89	95	2579	30.6	34.0	54.3	12.0 12.0	10.4 10.4	4.7 5.0
90	7.5	788	30.4	46.4	22.1	16.3 16.3	14.2 14.2	6.3 6.8
91	2.9	101	27.7	58.6	15.5	18.2 18.3	16.2 16.2	7.1 7.6
92	2.4	353	26.9	75.8	9.7	22.5 22.6	20.4 20.5	8.7 9.4
97	1.1	47	28.4	33.8	22.9	10.5 10.6	9.6 9.6	4.1 4.4
113	0.02	0.19	25.7	19.4	28.0	5.5 5.5	5.0 5.0	2.1 2.3
117	1.3	46	24.2	33.4	26.4	9.1 9.1	8.1 8.1	3.5 3.8
118	0.09	670	27.1	51.7	14.0	15.8 15.9	14.0 14.1	6.1 6.6
129	1.1	307	24.8	37.8	27.3	10.5 10.6	9.4 9.4	4.1 4.4
PRS-3 130	2.1	38	20.0	49.8	4.5	9.6 10.8	10.0 10.0	4.2 4.5



COMPANY UTAH GEOLOGICAL SURVEY FILE NO. RP-1-2820
WELL AS NOTED DATE 10-29-73 ENGRS. KB:RH
FIELD _____ FORMATION TAR SAND ELEV. _____
COUNTY _____ STATE UTAH DRLG. FLD. _____ CORES DIA CONV 2 1/2"
LOCATION _____ REMARKS _____

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WELL SR	DEPTH	PERMEABILITY		POROSITY PERCENT	PORE SATURATION		OIL		
		BEFORE	AFTER		OIL	WATER	GAL/TON	% VOLUME	% WEIGHT
PRS-3	131	0.09	266	21.6	54.1	7.0	12.9 13.0	11.7 11.8	5.0 5.4
	153	206	428	33.4	29.3	28.7	11.7 11.8	9.8 9.8	4.6 4.9
	154	159	1455	27.4	50.0	10.6	14.4 15.9	13.8 13.8	6.1 6.6
PRS-3	155	9.7	1115	24.0	32.1	2.5	8.6 8.6	7.7 7.7	3.3 3.6
	HC-1 41	38	359	24.1	60.2	9.6	15.3 15.4	14.5 14.6	6.0 6.4
	42	22	428	22.5	49.4	16.0	12.0 12.0	11.1 11.2	4.7 5.0
	43	24	704	23.2	61.2	9.5	15.3 15.4	14.2 14.3	6.0 6.4
	44	0.25	324	23.2	74.2	9.9	17.7 17.8	17.2 17.3	6.9 7.4
	45	0.05	700	22.6	78.4	8.0	18.7 18.8	17.7 17.8	7.3 7.8
	46	0.45	34	23.3	35.1	27.4	8.6 8.7	8.2 8.2	3.3 3.6
	47	1.3	48	30.5	13.8	21.3	4.3 4.3	4.4 4.4	1.7 1.8
HC-1	68	0.50	20	28.2	66.0	7.8	20.1 20.2	18.7 18.7	7.8 8.4